

Management Report

2020



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Message from the Management

From diagnostic medicine to the largest healthcare ecosystem in Brazil

In its 95 years of history, Grupo Fleury has never created as many new growth opportunities as it did in 2020. The COVID-19 pandemic has made "HEALTHCARE" a top priority for individuals and companies in Brazil and worldwide. As one of the leading companies in this sector in the country, Grupo Fleury relied on a unique combination to overcome the challenges, lead a resumption in V and end the year with the best quarter in its history - R\$ 1 billion of gross revenue. It was thanks to the engagement of its more than 10,000 employees and 3,000 doctors, customer confidence, the development of scientific knowledge, the acceleration of digital projects and the courage to open up new markets that the Group was able to achieve this performance and maintain quality of service on all of its fronts.

The year 2020 will be marked in our trajectory as the year of which Grupo Fleury definitely changed from being a diagnostic medicine company to become a complete healthcare ecosystem. We made multiple moves to achieve this goal. We launched the largest healthcare platform in the country (Saúde iD), became one of the largest telemedicine players in Brazil, created one of the largest corporate venture capital funds in Brazil (Kortex, a R\$ 200 million fund that comes to connect more and more to the healthtechs), we started a continuing education service for doctors, health professionals, students and residents (Pupilla), closed two relevant acquisitions (Clínica de Olhos Moacir Cunha and Centro de Infusões Pacaembu, expanding our outpatient activities and in adjacent areas to the core business), we launched a genetic testing platform (Sommos DNA, which allows individuals, through genetic mapping, to engage in the prevention of potential hereditary diseases, in a model of direct business to consumers) and we developed a consultancy service so that companies could restart their activities in safety (Integrated Care for Companies, which totaled 560 contracts signed until December), among other initiatives. All of them are connected with our mission of providing increasingly complete and integrated solutions for the management of people's health and well-being.

Healthcare is digital now

The Covid-19 pandemic changed the behavior of consumers, that started to seek more and more for digital and remote services and products. Telemedicine, a topic debated for years in Brazil, but that collided with regulatory issues, was regulated during the pandemic. In April 2020, Grupo Fleury launched its telemedicine service. Since then, the growth of this service has been exponential: until December, there were 199 thousand consultations scheduled, attended by a team of almost 500 professionals, including physicians and nursing professionals. This same change in habits led to a colossal leap in our client's home service, which increased by 77% compared to the previous year. It is worth mentioning that, in all types of assistance (both physical and digital), the Group strictly follows the guidelines of the LGPD (General Law for the Protection of Individual Data).

Telemedicine was the basis for our most ambitious step in 2020, the creation of Saúde iD, a pioneering healthcare platform on the market, which was born in September, with 7 million lives. Saúde iD has the ambition of placing the patient at the center of the strategy and integrating its data, in order to have a more efficient use of resources.

The platform will guarantee the sustainability of a sector increasingly affected by medical inflation and, at the same time, allow individuals to manage their health in a totally digital way, through an app. In practice, the marketplace offers products and services - from Grupo Fleury and third parties - to the user so that the application is their main health hub.

Initially launched in the B2B version, Saúde iD also became B2C in February 2021, offering subscriptions to medical services directly to end consumers. Saúde iD is positioned as an alternative to access to quality healthcare for people who do not have a healthcare plan - today almost 75% of the Brazilian population.

ESG Strategy

The launch of Saúde iD is another step of Grupo Fleury in its mission to democratize access to healthcare in Brazil, generate positive social impact and contribute to the sustainability of the entire healthcare sector - in line with ESG principles. Just as we lead the digital transformation of the healthcare industry, we are leading the ESG transformation.

For Grupo Fleury, which began to walk a sustainable journey more than 20 years ago, the advance of stakeholder capitalism is great news. We believe that this way of doing business is the only one capable of strengthening the relationships of trust - relationships that we have with clients, employees, physicians, shareholders and the community.

In December 2020 we made three announcements that will start to impact the company from 2021. One of them is the creation of an exclusive committee to monitor the company's ESG agenda. The second is that from this year we will become one of the few Brazilian companies to link sustainability goals to variable executive compensation.

Finally, we announced a project to use solar energy to supply part of the Group's 117 Patient Service Center in São Paulo and Rio de Janeiro, starting from the second half of this year. We will use 100% clean energy, avoiding the emission of almost 7 thousand tons of CO₂ annually (which is equivalent to the planting of almost 47 thousand trees), at the same time that we will reduce consumption costs. These movements are in addition to an effort that we have been making for many years to reduce our environmental impact. Between 2016 and 2019 the use of water per test fell by 12.5%, the paper per test decreased by 24% and the generation of waste plummeted 39%. In addition, at the beginning of the last decade we started measuring our emissions of greenhouse gases. The advances have been consistent: in 2019 our emissions were reduced by 40% when compared to the previous year.

We did all this while actively exercising our social role, on several fronts, during the Covid-19 pandemic. We developed world-quality tests in record time, we participated in epidemiological research, we collaborated in the Oxford vaccine development process, we made our medical knowledge available to society to answer questions about the disease and guide the population.

Internally, since the beginning of the pandemic, the Company has adopted several measures to protect its employees. We quickly put the employees of the back office into a remote work scheme. In parallel, we have strengthened all of our security protocols to ensure that our operations remain protected. Committed to preserving the jobs we generate, we were one of the first signatories of the #nãodemita movement.

All of these efforts in the ESG field have been recognized internationally. In December 2020, Grupo Fleury became part of the Dow Jones Sustainability Index, in the Emerging Markets portfolio. The list includes 100 companies, of which only nine are Brazilian. Detail: Fleury is the only company of the healthcare sector in the Americas included in this index. In February of this year we were included in the DJSI Sustainability Yearbook 2021, which selected 600 companies from around the world among 7000 analyzed. Fleury is the only non-American company to be included in the category of healthcare and service providers.

Our people and our essence are the main responsible ones for having managed to overcome such a challenging year, develop multiple fronts of action and maintain growth. It is with this team, with this culture and with the bases that we built in 2020 that we will take another leap in 2021 and transform healthcare, through the intensive use of technology, with the creation of excellent medical offerings in scale and access never seen before.

Marcio Pinheiro Mendes
Chairman of the Board of Directors

Carlos Marinelli
CEO of Grupo Fleury

Macroeconomic and Industry Scenario

Resilience and efficiency despite the challenging macroeconomic scenario, with the number of beneficiaries of private health plans showing a slight increase and worsening unemployment indicators

According to data from the National Supplementary Health Agency (ANS), by December 2020, the number of beneficiaries of private healthcare plans increased to 47.5 million lives in December 2020, compared to 47.0 million in December 2019. Of the total beneficiaries, 67.6% had a collective business plan; 19.0%, individual or family plans; 13.3%, collective membership plan; and 0.1% did not inform the type of plan they held.

According to the Brazilian Institute of Geography and Statistics (IBGE), at the end of 2020, there were 14 million unemployed people, which means an unemployment rate of 14.1% compared to 11.9% in 2019. The relevant growth in this indicator mainly reflected the economic impacts caused by the COVID-19 pandemic.

In Brazil, most healthcare plans are corporate. Although the number of beneficiaries of the plans is directly related to the country's unemployment level, even though most people have lost their positions at work, and the unemployment rate has increased significantly with the impacts of the COVID-19 pandemic, in the year of 2020, health became the most relevant matter, and the number of beneficiaries of the plans slightly grew.

Grupo Fleury continued to present positive results in the year 2020, despite the impacts caused by the pandemic of COVID-19, due to the restrictions of social distancing and urban mobility. Gross revenue expanded by 2.1%, with a -0.3% decrease in patient service centers and 15.0% growth in B2B operations. This performance is related to the fact that we are positioned in different markets, in the intermediate and premium segments, with a portfolio of brands recognized for their medical, technical and service excellence. In addition, there was also a contribution from the new initiatives launched throughout 2020, and also from the revenue obtained through the processing of COVID-19 tests throughout the year 2020.

About Grupo Fleury

Fleury will consolidate itself as a solution for integrated care of the individual, leading the generation of value for the entire healthcare chain through its Healthcare Platform

With this purpose, Grupo Fleury is one of the most traditional medical and healthcare organizations in the country, focused on the coordination centered on the individual. With 95 years of history, it is referenced by the medical community, patients and public opinion for its medical excellence and service, innovation and sustainable development.

The Company has three main business lines:

- **Patient Service Center:** There are 242 units in the states of São Paulo, Rio de Janeiro, Rio Grande do Sul, Pernambuco, Bahia, Paraná, Rio Grande do Norte, Maranhão and the Federal District, providing private diagnostic medicine services for premium health and high intermediate plans.
- **Diagnostic Operations in Hospitals:** Diagnostics for 25 hospitals, mainly focused on clinical analysis, providing diagnostic information with high added value to the physicians of these institutions.
- **Reference Lab:** Carrying out high complexity tests to laboratories, hospitals, and clinics throughout Brazil, enabling these customers to expand to extend their offerings with unique diagnostic quality.

Grupo Fleury in 2020 numbers:

The following data were impacted by the COVID-19 Pandemic in 2020.

R\$ 3.2 billion of Gross Revenue and **R\$ 257.0 million of Net Income;**

79.3 million tests performed; 2.2 million¹ are referred to COVID-19 tests.

346.2 thousand medical consulting and **70.8 thousand** integrated reports;

11.2 thousand employees and **2.7 thousand** physicians providing services;

13 brands of diagnostic medicine present in the largest metropolitan regions of Brazil and positioned in the premium, intermediate-high and intermediate sectors, **in addition to the other brands composing the Grupo Fleury's Healthcare Platform**, focused on primary care, healthcare coordination, integrated care for companies, telemedicine, drug infusion, ophthalmology, fertility, orthopedics day clinic, among others.

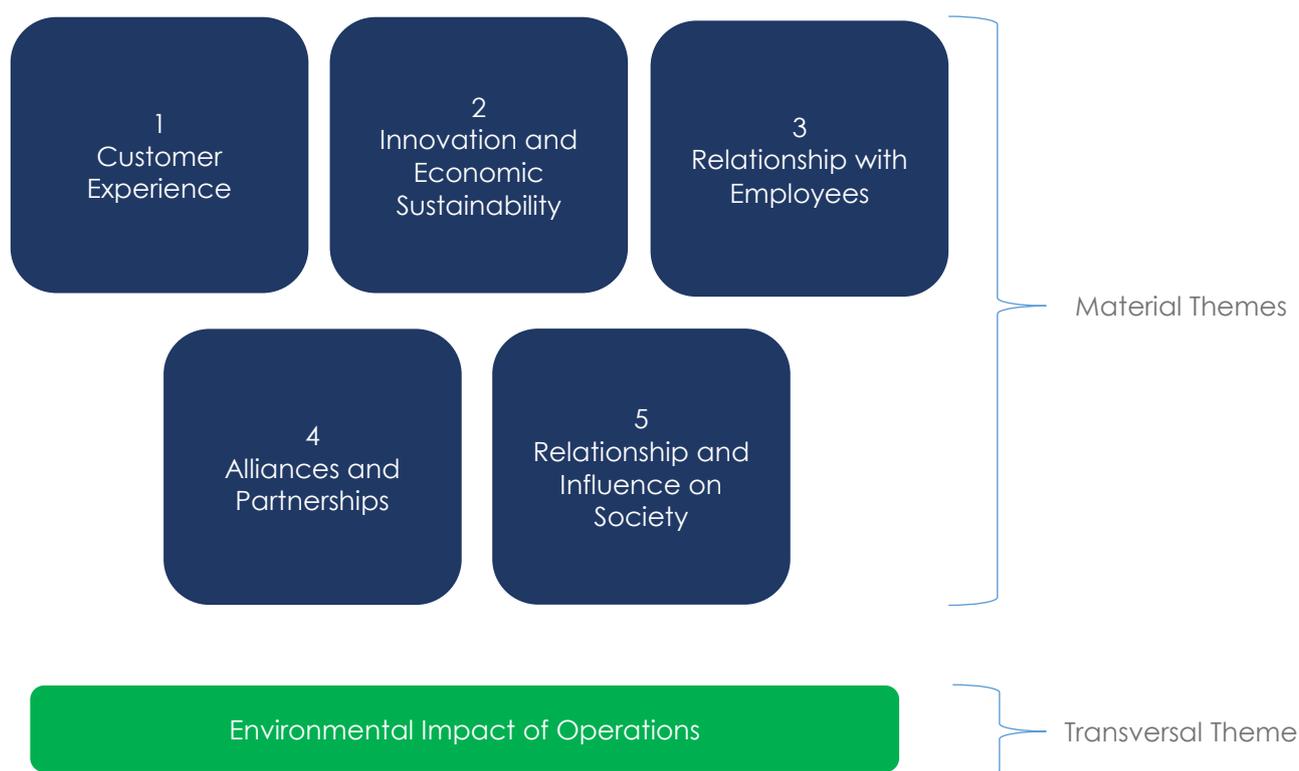


Corporate Sustainability

Grupo Fleury acts as an encouraging and guiding agent in the individual's relationship with their health, driving innovation, integration and efficient use of health resources and services in Brazil

For the Company, sustainability has a direct link with the company's mission, and it is understood as the integrated and balanced management of concepts of the triple bottom line: Economic activity, environment, and social well-being, added to the quality of processes and good corporate governance practices.

The strategic sustainability agenda, reviewed every 3 years, it aims to leverage the value of sustainability through proprietary themes in the healthcare market, selected together with the main stakeholders in order to generate organizational learning, business opportunities, innovation and competitive advantage – these concepts are already present in Grupo Fleury's business strategy. The agenda addresses current challenges in the Brazilian healthcare market, transforming them into motivators for creating shared value among the actors in the system.



Grupo Fleury maps, monitors and is clear about its responsibilities to society, seeking to strengthen its relationship and minimize possible impacts arising from its operations through various social and environmental programs. On the first topic, the Outubro Rosa initiative stands out, which marks the fight against breast cancer. The Group's regional offices opened the doors of a set of PSCs for the voluntary care of patients in the public health network, federal and state public hospitals and philanthropic institutions in the various locations where the Group operates. In this action, 39 PSCs participated, being consulted around 900 patients and performed more than 2,500 tests.

Also noteworthy is the development of social initiatives remotely, in order to adapt the Company's social performance to the limitations of occupation and social distance. In partnership with the Hospital Sírio-Libanês, the Telecorona Solidário was carried out, an initiative that counted on about 30 volunteer physicians, providing video call guidance on preventive measures and directing suspicious cases to the population served by the Abrace Seu Bairro project in the Bela Vista region, in the City of São Paulo. In addition, in partnership with the Bob Burnquist Institute, 5,000 surgical masks were donated to hospitals in the Baixada Fluminense. In partnership with the Hospital Beneficência Portuguesa, the protocol for returning to classes was developed for the Instituto Acaia, which works with educational activities close to CEAGESP, in the City of São Paulo. The Group also acted in partnership with other companies in order to act in a pandemic situation, such as the carrying out of 25,400 RT-PCR tests to the State Government of São Paulo at cost, financed by a partnership between Fleury, Coca-Cola Brasil, Coca-Cola Femsa and Bradesco Saúde. With the support of Cielo, 4,200 serology tests were performed for employees of the Instituto do Coração (Incor), and about 300 tests for Casas André Luiz, in São Paulo. Financed by the Todos pela Saúde fund, 11,500 RT-PCRs were carried out at cost price for long-term institutions served by the Rotary Brazil CoronaZero Project. And the brand a + Medicina Diagnóstica also donated 35 RT-PCRs for testing the inhabitants of the Casa 1 Home Republic, in São Paulo, which works with support for LGBTQIA + people.

In order to maintain internal engagement, the Company also developed remote acting projects, such as Adote um idoso, in partnership with the ONG Velho Amigo, and Colabinar, an initiative of which the Group's employees can act voluntarily for the development and learning from other employees through online classes and video classes.

In 2020, Grupo Fleury also made contributions via tax incentive laws, giving priority to five projects encouraged through the Federal Culture Incentive Law, the Childhood and Adolescence Fund and the Sports Law. The total amount contributed to the five projects was R\$ 2 million.

Still this year, the company reinforced the initiatives of its Diversity Program, through the second edition of Diversity Week, training in the Leadership Development Program and the launch of campaigns focused on Diversity issues. Inclusion initiatives were also prioritized, such as efforts to hire people with disabilities, notably intellectual disabilities and autism spectrum disorders, in addition to the review of the internship program criteria, in order to increase their attractiveness to minority audiences.

Environment

Grupo Fleury monitors and controls the segregation, disposal, storage and transportation of hazardous and non-hazardous waste arising from its operations. The destination given to them is defined according to their type and is based on criteria based on the procedures of the Environmental Management System and current legislation.

Since 2008, the Company has prepared and published, in the Public Emissions Register of the GHG Protocol, the annual inventory that accounts for its direct and indirect greenhouse gas (GHG) emissions. Each year, the data collection and expansion of the reported scope advances, which includes emissions with air travel, energy consumption, fuel consumption in the transportation of materials, consumption of paper in the administrative areas and outsourced transportation.

As for the Company's greenhouse gas emissions, the 2020 Emissions Inventory will be published in the first half of 2021. In 2019, there was an 11% reduction in emissions related to scope 2 compared to 2018, there was a decrease of 26% in the Group's total emissions. This reduction can be seen in scopes 2 and 3. In Scope 2, the reduction occurred due to a significant amount of Grupo Fleury's consumption coming from renewable energy purchased in the Free Market, with 20 PSCs being supplied this way. Regarding scope 3, since it is not directly controlled by the company, it presents greater variability, which makes it difficult to make a historical comparison. In the last year, for example, the reduction was 63%, due to the consideration of the presence of systems for capturing and using methane in landfills where the Grupo Fleury's waste was deposited, a fact not considered in previous years, and which brought about a significant reduction in emissions generated by this source.

We also present, below, the comparison of energy, water consumption and waste generation indicators. In the comparison between the years 2019 and 2020, there was an absolute increase of 1.3% in energy consumption, the effect of the increase in the hourly load in the technical processing areas and the inclusion of the Instituto de Radiologia de Natal brand in the corporate electricity target, as well as an absolute 9.4% reduction in water consumption. As for the generation of waste, there was a 13.1% reduction in the total amount of waste generated, favored mainly by the temporary closure of several PSCs, due to the preventive actions to combat the pandemic of COVID-19. This same factor had an effect on the reduction observed in the volume of infectious waste generated by the company.

Indicator	2020	2020 vs. 2019	2019	2019 vs. 2018	2018	2018 vs. 2017	2017
Energy (Kwh)	55,485,392	1.3%	54,770,185	9.7%	49,930,736	9.3%	45,678,456
Water (sqm³)	139,634	-9.4%	154,160	-1.8%	156,963	18.2%	132,818
Total Waste Generation (kg)	1,333,621	-13.1%	1,534,528	2.0%	1,504,757	-5.1%	1,585,791
Common Residue	751,508	-15.5%	889,539	-0.1%	890,285	-3.5%	922,706
Infectious Waste	582,114	-9.7%	644,990	5.0%	614,472	-7.3%	663,085

Grupo Fleury has historically adopted a series of measures aimed at greater efficiency in the use of energy, water and waste generation. Among these actions, we highlight the purchase of renewable energy, advances in telemetry, installation of LED lighting, exchange of equipment for models with lower energy consumption or Energy Star seal, purchase of energy in the open market, water reuse systems - such as ongoing initiatives to reuse water from the treatment system at the Technical Center in São Paulo, review processes to reduce the consumption of materials and waste, in addition to campaigns and initiatives to raise awareness among employees about the need for rational use of the resource.

Grupo Fleury in 2020 takes another important step in adopting strategies for the use of renewable energy. To further advance these initiatives, the Company closed an agreement with GreenYellow to contract 4.5 MWp in solar energy. The contracted resource will supply 47% of the energy consumed by Grupo Fleury in Rio de Janeiro through the brands in which they are present in the state, which represents 45 PSCs between Labs a +, Felipe Mattoso and LAFE - all at low voltage. Grupo Fleury's energy consumption in Rio de Janeiro currently represents 27% of the total used by the Company throughout the country. Similarly, the company Voltxs will manage the contracting of 3.2 MWp in solar energy for approximately 50 consumer PSCs present in the State of São Paulo.

Certifications, Voluntary Commitments, and Reports

Grupo Fleury was a pioneer in the field of diagnostic medicine in the implementation of an Integrated Management System certified by ISO 9001 (Quality Management) and ISO 14001 (Environmental Management), which reflects its concern with quality, the environment, continuous improvement of procedures and sustainability. In 2019, the expansion of the certification scope in the Rio de Janeiro Regional was highlighted through the inclusion of the Labs a + brand. Also of note are the following accreditations: that of the American College of Pathologists (CAP), both in the accreditation program and in the quality control program for the Central Technical Area and the Group's Technical Area located at Sírío-Libanês Hospital, both in São Paulo; the National Glycohemoglobin Standardization Program (NGSP) and the Brazilian Society of Clinical Pathology/Laboratory Medicine (SBPC/ML). All of the Group's regional offices are also accredited by the Accreditation Program for Clinical Laboratories (PALC) of the Brazilian Society of Clinical Pathology. The Company is the first company in Brazil to obtain accreditation from the American College of Radiology (ACR) for stereotaxis, at the Paraíso PSC of the Fleury Medicina e Saúde brand. We also have ACR accreditation for Nuclear Medicine, Tomography and Magnetic Resonance services in the Ponte Estaiada and Paraíso PSCs of the Fleury Medicina e Saúde brand. In 2019, the Fleury Medicina e Saúde brand was accredited by the requirements of the Accreditation Program in Diagnostic Imaging (PADI) of the Brazilian College of Radiology (CBR). The Ponte Estaiada, Rochaverá and Alphaville PSCs of this same brand are also certified by Leadership in Energy & Environmental Design (LEED).

Since 2011, Grupo Fleury has been recognized as a leading company in the healthcare segment by the Exame Sustainability Guide and, since 2014, it has been part of the B3 Corporate Sustainability Index (ISE) portfolio. In 2020, it joined the Dow Jones Sustainability Index - Emerging Markets portfolio for the first time. The portfolio is made up of 100 companies, of which only 9 are Brazilian, with Grupo Fleury being the only company in the Healthcare sector in the Americas to be included in the index.

The DJSI is the main global sustainability index, composed of companies that stand out worldwide for the adoption of best social, economic and environmental practices (Environmental, Social and Governance - ESG), and is a reference for investors who evaluate these dimensions in their portfolios. In 2020, the Group also integrated B3's ICO2 (Carbon Efficient) index.

The Group's concern and commitment to sustainable development are also apparent through its adherence to a series of voluntary initiatives, which are undertaken with national and international sectoral entities. Among them are:

Sustainable Development Goals (SDG): Agreement signed in 2015 by the countries that integrate the United Nations (UN) brings together 17 objectives and 169 goals to be achieved by the world by 2030, involving themes such as poverty eradication, education, climate change, sustainable cities, employment and inclusive economic growth, among others. The themes covered by the 17 objectives are pointed out with SDG icons. Grupo Fleury participates in discussions on the topic in the working group of the Brazil Network of the United Nations (UN) Global Pact.

United Nations Global Compact: Signatory since 2013, Grupo Fleury maintains its commitment to the promotion of social and environmental responsibility actions of the 10 Universal Principles of the Global Pact. The UN initiative aims to mobilize the international business community to adopt, in its business practices, fundamental values in the areas of human rights, labor relations, the environment and the fight against corruption.

Principles of Women's Empowerment: In 2017, the Company adhered to the commitment of UN Women and the Global Pact, in which it reaffirms its commitment to guaranteeing a fair, equal environment and opportunities for all employees. Additionally, it was created on a voluntary basis by a women's team from the Company, the Female Leadership group, to discuss how we can promote gender equity.

Term of Commitment with Ethics and Integrity: In 2020, the Company was again approved in the program promoted by the Executive Secretariat of Pró-Ética, linked to the Comptroller General of the Union, in order to act and contribute to a more honest, ethical and transparent corporate environment.

Business Pact for Integrity and Against Corruption: Signed by the Company in 2010, the document designed by the Ethos Institute, the Brazilian Committee of the Global Pact and the United Nations Office against Drugs and Crime (Unodoc) addresses topics such as corruption of public agents, organized crime, tax evasion and money laundering.

Carbon Disclosure Program (CDP): Since 2015, Grupo Fleury has joined this initiative on a voluntary basis. The CDP's objective is to foster a new way for companies to do business, preventing damage caused by climate change and the depletion of natural resources.

The full list of certifications and awards received by Grupo Fleury and the full version of the 2019 Annual Sustainability Report can be accessed on the Company's Investor Relations website (<http://www.fleury.com.br/ir>).

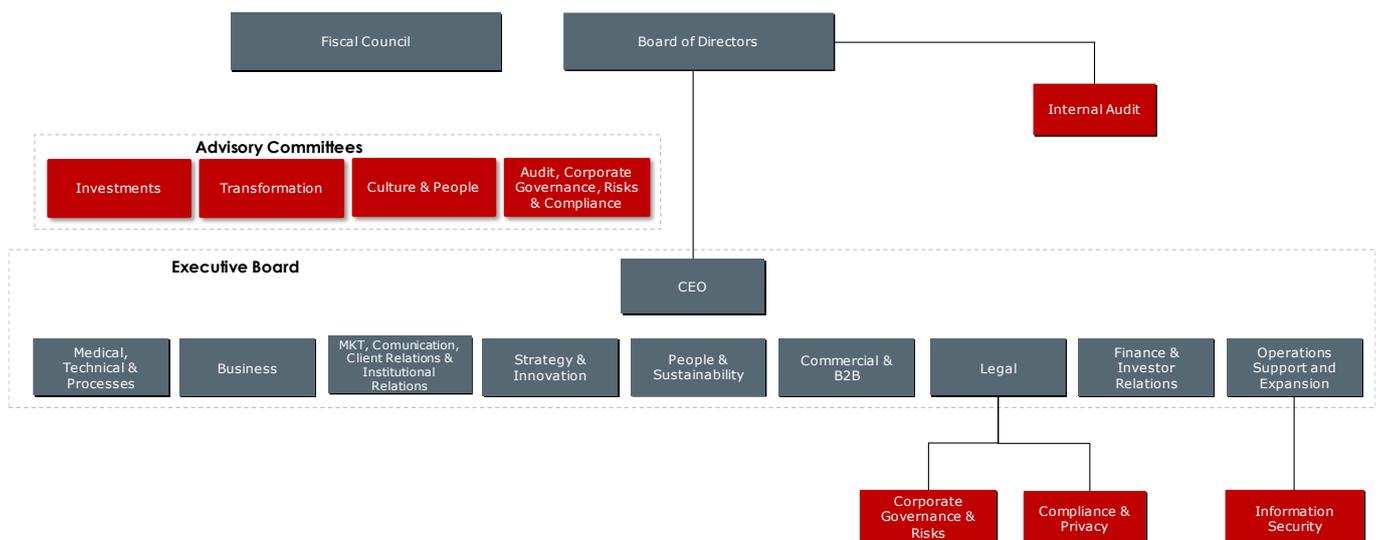
Corporate Governance

Listed in Novo Mercado, the Company guides its work by the highest Corporate Governance standards.

Grupo Fleury has its shares traded under the code FLRY3 in the Novo Mercado segment of B3, a special listing segment of the Brazilian Stock Exchange that requires the adoption of the highest standard of Corporate Governance. Grupo Fleury has practices and processes aligned with the principles of transparency, equity, accountability, corporate and social and environmental responsibility. This was a natural process for the Company, since before listing its shares on the Stock Exchange, management was already shared between the Executive Board and the Board of Directors, with the participation of independent directors.

The corporate organization chart established by the Company meets the best market practices and governance is supported by the structures that make up the Internal Controls System: Internal Audit, Compliance, Risk Management and Information Security.

Organization Chart of Grupo Fleury



Board of Directors

Created in 1998, the Grupo Fleury's Board of Directors has a minimum of seven and a maximum of eleven sitting members, with up to eight alternate members. The Board of Directors aims to establish the general business guidelines and to elect the Statutory Executive Board, among other powers conferred by law and by the Company's Bylaws. The Board of Directors has an Internal Regulations governing its operation and its Advisory Committees. The tenure of the directors is established for two years, and the reelection is allowed.

Structure of the Board of Directors

Members of the Board of Directors	Position	Term of Office
Marcio Pinheiro Mendes	Chairman	GSM 2021
Fernando Lopes Alberto	Vice-Chairman	GSM 2021
Rui Monteiro de Barros Maciel	Board Member	GSM 2021
Andrea da Motta Chamma	Board Member	GSM 2021
Luiz Carlos Trabuco Cappi	Board Member	GSM 2021
Samuel Monteiro dos Santos Junior	Board Member	GSM 2021
Ivan Luiz Gontijo Junior	Board Member	GSM 2021
Fernando de Barros Barreto	Independent Member	GSM 2021
Cristina Anne Betts	Independent Member	GSM 2021
André Marcelo da Silva Prado	Independent Member	GSM 2021
Octavio de Lazari Junior	Alternate Member	GSM 2021
Manoel Antônio Peres	Alternate Member	GSM 2021

Currently, the Board of Directors has ten sitting members and two alternate members, three independent effective directors, with a 20% participation of women in its composition. The Board is supported by four Advisory Committees: Audit, Risk Governance and Compliance; Investments; Transformation; and Culture and People. The Committees are permanent, meet monthly (Investments and Transformation) and bimonthly (Audit, Governance, Risks and Compliance and Culture and People) and have at least one member of the Board of Directors.

Fiscal Council

Established in 2018, the Fiscal Council is an independent body of the Company's management. Law 6404/76 establishes that the responsibilities of the Fiscal Council include supervising the management's activities, reviewing the publicly-held company's financial statements and disclosing its conclusions to shareholders.

Structure of the Fiscal Council

Members of the Fiscal Council	Position	Term of Office
Luciana Doria	Board Member	GSM 2021
José Maria Chapina Alcazar	Board Member	GSM 2021
Sergio Moreno	Board Member	GSM 2021
Carolina Strobel	Alternate Member	GSM 2021
Adriana Ruiz Alcazar	Alternate Member	GSM 2021
Paulo Sergio Rodrigues	Alternate Member	GSM 2021

Currently, the Fiscal Council has three sitting members and their respective alternates.

Audit, Governance, Risk Management and Compliance Committee

Responsible for recommending the conditions to hire independent external audits and for proposing its goals; assessing and evaluating the internal audit's work, ensuring and improving internal controls; recommending procedures on inadequate accounting practices; monitoring the map of risks to which the Company is exposed and the due preventive and mitigating actions.

Investments Committee

This Committee is responsible for monitoring the budget's guidelines, managing the receivables and cancellations, analyzing actions to reduce costs and expenses and improving the profitability, as well as evaluating investment opportunities. Also responsible for debating the main corporate guidelines and evaluating, prioritizing and monitoring the most relevant projects in the Company.

Transformation Committee

It is responsible for advising the Board of Directors with the evaluation, prioritization and monitoring of the most relevant projects in the Company, as well as the development of organizational structure, system and processes, both under the focus of the strategy. The Committee also has the function of advising the Board of Directors with the evaluation of the strategic planning proposed by the Executive Board and promoting the Company's innovation, research and development.

Culture and People Committee

Responsible for evaluating, appointing and dismissing executive officers; monitoring the progress of the organization, facing strategic challenges for the business and management; evaluating the systems of performance evaluation, salary policies and staff development programs; proposing guidelines and criteria for variable remuneration programs; and monitoring and proposing actions arising from the evaluation of the organizational environment.

Statutory Executive Board

Grupo Fleury's Statutory Executive Board ended 2020 with six members (no change compared to 2019), as follows:

Structure of the Statutory Executive Board

Directors	Position
Carlos Alberto Iwata Marinelli	CEO
Claudio Almeida Prado	Operations Support Executive Director
Edgar Gil Rizzatti	Chief Medical, Technical and Process Director
Fernando Augusto Rodrigues Leão Filho	Chief Financial Officer and Investor Relations Directors
Jeanne Tsutsui	Brands Executive Director
José Roberto Araújo	B2B Commercial and Business Executive Director

In accordance with CVM Instruction 381/03, we hereby report that the Company and its subsidiaries adopt as a formal procedure consulting independent auditors of KPMG Auditores Independentes to ensure that the provision of other services does not affect its independence and objectivity required to carry out independent audit services. The Company's policy for hiring services of independent auditors ensures that there is no conflict of interest, loss of independence or objectivity.

In the fiscal year ended on December 31, 2020, KPMG Auditores Independentes did not provide additional services exceeding 5% of the fees to audit Grupo Fleury's consolidated financial statements.

When hiring these services, the policies adopted by the Company are based on principles that preserve the independence of the auditor. In accordance with internationally accepted standards, these are the principles: (a) the auditor must not audit his or her own work; (b) the auditor must not occupy a management position in its client, and (c) the auditor must not legally represent the interests of its clients.

KPMG Auditores Independentes stated that the services were provided in strict compliance with accounting standards on the independence of independent auditors in the audit work and don't represent a situation that could affect the independence and objectivity of its external audit services.

Grupo Fleury: Knowledge, Science and Innovation make a difference in fighting the COVID-19 pandemic

In a year strongly impacted by the pandemic, knowledge, science and innovation proved to be essential tools to maintain the pioneering spirit in this journey

One of the pillars of Grupo Fleury's activity, the investment in Innovation, Research and Development (IRD) is the competitive advantage of the Company, which allowed the development of different types of tests to detect the SARS-CoV-2 virus, responsible for the pandemic of the COVID-19.

The R&D Molecular Biology sector was responsible for developing and offering, since February 2020, the detection test for COVID-19 by the RT-PCR method, considered the "gold standard test". Until February 2021, 1.1 million tests of this modality were carried out.

The R&D Immunology sector was responsible for the development of serological tests and rapid tests for the detection of the SARS-CoV-2 virus. On this front, it is worth mentioning Fleury's important participation in the coronavirus kits evaluation program, a partnership with the Brazilian Society of Clinical Analysis (SBAC), the Brazilian Society of Clinical Pathology and Laboratory Medicine (SBPC/ML), the Brazilian Association of Diagnostic Medicine (ABRAMED) and the Brazilian Chamber of Laboratory Diagnosis (CBDL), a project of great relevance for understanding the performance and application of the various tests offered in the Brazilian market.

The R&D Chromatography/Mass Spectrometry sector was responsible for developing an unprecedented test for the detection of COVID-19 by proteomics. In other words, instead of looking for the virus's RNA or antibodies, the team "thought outside the box" and developed a test that seeks to detect the virus proteins. This pioneering spirit resulted in the team publishing a scientific article in the renowned Nature magazine in December 2020, entitled Establishing a mass spectrometry-based system for rapid detection of SARS-CoV-2 in large clinical sample cohorts.

It is also worth noting the participation of Grupo Fleury in the study SoroEpi MSP - Seroepidemiological surveys to monitor the prevalence of SARS-CoV-2 infection in the city of São Paulo, Brazil. This project is a partnership between Grupo Fleury, Instituto Semeia, IBOPE Inteligência and Aliança Todos Pela Saúde, whose objective is to estimate, through serological tests, the percentage of people infected with the new coronavirus in the city of São Paulo. In January 2021, the fifth collection stage was carried out and the data have been widely disseminated, contributing to public policies aimed at controlling and fighting the virus. The performance of a multidisciplinary R&D sector allowed Grupo Fleury to fully meet society's demand, offering different types of tests for the detection of COVID-19. Furthermore, more than ever, the importance of establishing partnerships has become clear. Nobody wins a pandemic alone. Throughout 2020, Grupo Fleury developed 25 research projects related to COVID-19, in partnership with startups, universities, hospitals and other institutions.

In the front of Bioinformatics, one of the sectors that also make up the multidisciplinary R&D team, Grupo Fleury, in partnership with the startup Neuralmed, was awarded, once again, by the Radiology Society of North America (RSNA) in the International Challenge of Artificial intelligence. The work, whose theme was Diagnosis of Pulmonary Thromboembolism (PTE) by computed tomography, was recognized with a bronze medal. The Group's multidisciplinary specialists, together with the members of the partner startup, also took the title of best team in Latin America.

In total, in 2020, more than 320 new products and changes in methodology were implemented. This number is double that of 2019 and shows how the Company's R&D sector is in full growth. The year 2020 was also marked by important changes in methodology and internalization (when tests that were sent to partner laboratories are now carried out in house). These projects generated an annual cost reduction of

more than R\$ 18 million. During the year, the Company invested R\$ 14 million in R&D, specifically intended for new tests and methodologies.

From the point of view of innovation in current businesses, the year 2020 was marked by agility and dynamism to make changes flexible, adapt the Group to the pandemic and evolve the customer experience. In addition to the well-known Agile Service, which includes the possibility of digital check-in and the use of self-service totems in the units, we have expanded our Client's home service, generating greater convenience and satisfaction for our customers. In our service units, we offer the Drive Thru service for the COVID-19 collection, improving the experience of both those who seek COVID service and those who seek even more security in our units. We created a "real-time" monitor of COVID-19 cases for patients and also collaborators and worked on analysis and decision algorithms for medical advice and guidance for confirmed cases, mainly supporting medical consultancy and occupational health. Technology and service tools, such as Whatsapp and Agende COVID, were also accelerated in our Call Center.

Although the impact of the pandemic has been very large and the efforts of the technical and medical areas have been focused on this topic, it is worth mentioning that, in parallel with the COVID-19 scenario, other equally important test developments needed to happen and to be provided to the patients.

In this context, it is worth mentioning, for example, the incorporation of fusions analysis to the Oncofoco test, aimed at cancer patients. The inclusion of this analysis was already highly requested by the medical community and, between May and June 2020, it was possible to add this important information to the test that helps in defining the patient's therapeutic plan. By the end of 2020, more than 200 Oncofocos were carried out, in this new methodology.

Still in front of Genomics, in the year 2020, more than 160 new products and changes in methodology, just related to Genomics, were implemented. Highlight for genetic panels of rare conditions, such as, for example, the genetic panel for osteogenesis imperfecta and the genetic panel for patients with recessive diseases. Customizable genetic panels were also implemented; that is, since December 2020, it is possible to customize the analysis of a specific gene or set of genes, according to the request of the medical order. Also, in December 2020, the article Diagnostic power and clinical impact of exome sequencing in a cohort of 500 patients with rare diseases was published in the American Journal of Medical Genetics, analyzing 500 Exomas performed since the beginning of the offer of this test.

In December 2020, the new Genomics brand, SOMMOS DNA, was also launched, focusing on conducting genetic mapping tests for the general public, in a Business to Consumer (B2C) model. The purpose of this type of testing is to identify mutations in DNA and their relationship to the probabilities of developing long-term or inherited diseases for children. The genetic panel of hereditary cancer DTC has already been developed and made available.

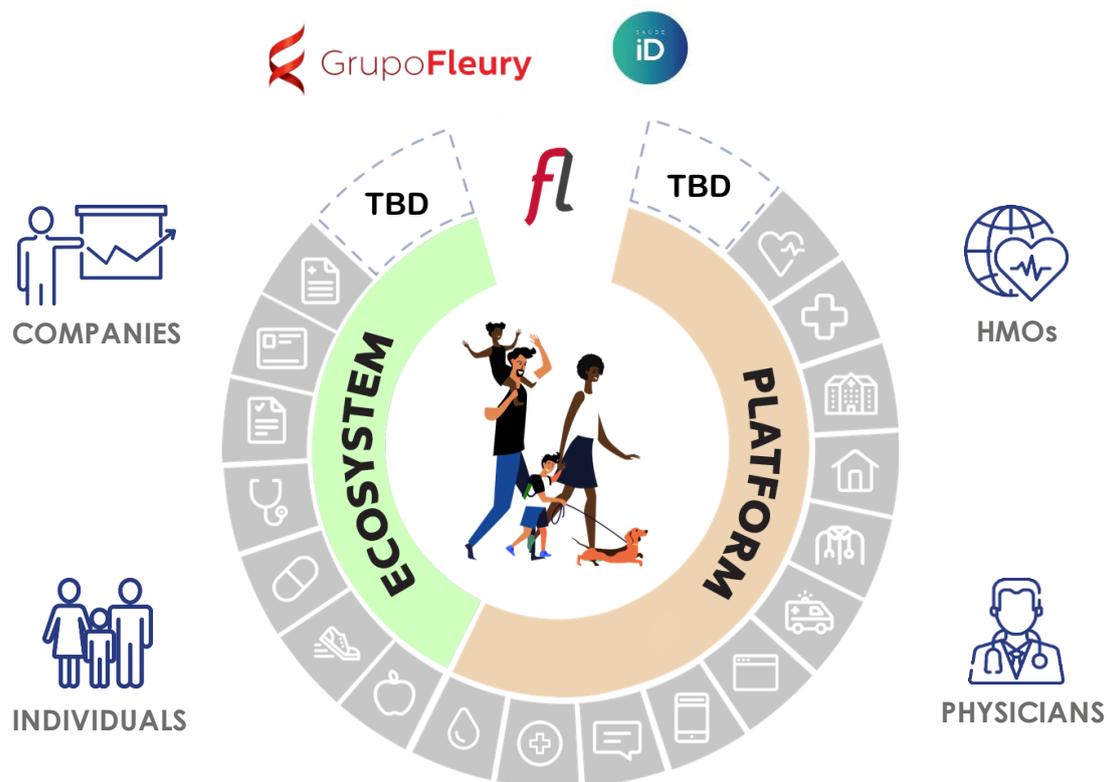
Innovation is deeply rooted in the strategic vision of Grupo Fleury and the company seeks, in the next five years, to intensify its vision of the individual at the center, with guidelines to expand its performance in new outpatient links in the chain, through its Healthcare platform, becoming a digital reference, reinforcing and seeking new models of offers in its core business. For each of these points, the creation of a culture of innovation and the connection with antennas and other innovative organizations, is essential. And the pandemic has accelerated the speed with which the Group is pursuing this vision.

The year had an important milestone for the Company, with the launch of Saúde iD, a Healthcare Platform based on data science and artificial intelligence, which combines technology to provide better care to the individual, in an intelligent and coordinated way, integrating products and services of health, ensuring more quality and efficiency in the management and journey of the patient's health - which is at the center of the strategy.

To promote integrated and complete solutions, the platform consists of services and products from the Group and also from partners. The Saúde iD Platform has the Company's brands in its portfolio, which include the services of diagnostic medicine, primary care, care coordination, integrated care for companies, telemedicine, infusion therapy, ophthalmology, fertility, day clinic and others.

Saúde iD reinforces the role of the Company in its mission to reinvent access to healthcare in Brazil and, in a practical and intelligent way, accelerates the capacity of Fleury and its partners to offer more integrated and effective pioneering solutions for the health management of individuals.

Also in 2020, Grupo Fleury launched Pupilla, a digital platform that combines technology and medical curation to bring high quality educational content made by physicians to physicians.



Throughout the year, we strengthened our connection with the innovation ecosystem, developing and researching solutions in partnership with startups and other institutions. Among the highlights of the year are the closing of a partnership with Israeli startups Tytocare, to offer solutions that use portable devices for conducting remote clinical examinations, via telemedicine. In addition to Tytocare, minority investments were also made in Sweetch, to adapt the chronic management solution to the Brazilian reality, and Prontmed, a technology company focused on providing structured clinical data to health managers through electronic medical records for primary and secondary health.

In order to be more connected to the ecosystem of startups and healthtechs, having the opportunity to follow the development of promising businesses and bring the most innovative to its customers, the Company established Kortex Ventures, an investment fund in participations with the objective of making investments in startups that focus on digital health, diagnostic medicine and personalized medicine. Kortex Ventures, one of the largest healthcare corporate venture capital funds in Brazil, aims to identify opportunities in the market, analyzing and taking actions to generate value in the investee companies. The conclusion of this transaction is subject to approval by CADE.

Physician Relationship

Medical knowledge is the competitive advantage that adds value to health

To stimulate the generation and sharing of medical knowledge, the Company promotes internal actions of scientific studies, in addition to supporting the participation of its physicians in national and international conferences. The main actions of 2020 were:

- 149 scientific materials (including folders, portfolios, and magazines for the medical audience);
- 26 update meetings and 108 medical specialty meetings;

Grupo Fleury is a disseminator of knowledge through the production of publications for physicians. All brands carried out medical visits, in which 108 scientific publications were distributed between the Fleury Medicina e Saúde brand and a+ Medicina Diagnóstica in São Paulo and 23 video classes, in addition to three editions of the medical journal of Fleury Medicina e Saúde and three editions of the Grupo Fleury Medical Magazine with distribution in regional offices. Due to the pandemic, our main channel for disseminating our classes was webmeetings. In addition to the 49 webmeetings held (some in partnerships with other companies), we also participated in six congresses, with emphasis on the XIX Brazilian Thyroid Meeting, with an online Symposium, whose theme was: Role and indications of thyroglobulin dosage by spectrometry of mass in the follow-up of patients with thyroid carcinoma.

These initiatives reinforce Grupo Fleury's focus on greater proximity and strengthening of communication channels with medical customers, presenting them with their differentials, processes and use of internal knowledge that guarantee the technical excellence present in its history. This technical excellence, based on medical knowledge, is one of the main pillars of the Company's activity, which aims to deliver conclusive diagnoses to physicians and clients. For this, it counts on services such as medical consultancy, in which Grupo Fleury's clinical staff supports the requesting physician in understanding more complex diagnostic cases. In 2020, 346,221 consultations were provided, an increase of 8% compared to 2019. The number of integrated reports, sent to clients' doctors, totaled 70,840 in the year, down 30% compared to the year 2019. The reports involved diagnostic cases considered to be highly complex and evaluated in a multidisciplinary approach.

Grupo Fleury ended 2020 with 2,675 physicians service providers, an increase of 10% compared to the previous year.

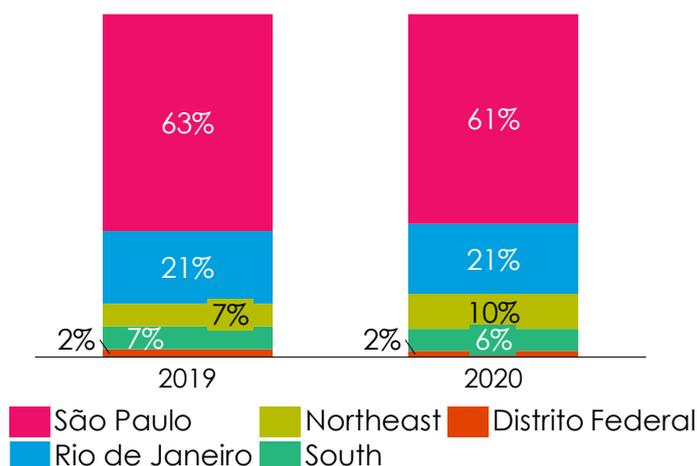
People Management

One of Grupo Fleury's culture basis, the Company's employees reflect the characteristics of our values such as excellence, respect, and enthusiasm

Grupo Fleury believes that the recognition that makes the company stand out as a benchmark in medical, service and management excellence is due to the qualification of its team of professionals. They are the ones who daily deliver the service that has made the organization a benchmark, even for other segments.

In 2020, the Company closed the year with 11.2 thousand employees, up by 12.5% over 2019. The increase in the number of employees is due to the Company's increased exposure through the acquisition of new brands and business expansion. The Company's turnover reached 9.2%, down by 1,170 bps (20.9% in 2019). On the other hand, employee-based turnover reached 8.6%, a reduction of 150 bps over 2019.

Employees by Region



In 2020, we invested R\$ 2.2 million in training and updating the professionals. The Corporate University carried out 127 thousand hours of training, resulting in a 12.26 hour of training per employee.

Economic and Financial Performance

The following data were impacted by the COVID-19 Pandemic in 2020.

Net Revenues grew 2.3%; EBITDA decreased -4.9%, with a margin of 28.2%; and Net Margin of 8.6%.

Gross Revenue

Consolidated gross revenue of the Grupo Fleury totaled R\$ 3.2 billion, up by 2.1%. PSCs decreased -0.3%, reaching R\$2.6 billion in revenue.

In B2B, the growth totaled 15.0%, reaching R\$ 568.5 million. In 2020, the Company entered into a new hospital operation, the Hospital América de Mauá, in the State of São Paulo

Taxes and Cancellations

Taxes on Gross Revenue remained stable when compared to the previous year, at 6.2% in 2020 and 2019. Cancellations improved reaching 1.4% (compared to 1.4% in 2019).

Net Revenue

Net Revenue grew by 2.3%, reaching R\$ 3.0 billion.

Cost of Services

The cost of services, including expenses with personnel, medical services, occupation services, utilities, direct material, depreciation/amortization, and general expenses, totaled R\$ 2.2 billion, representing 72.8% of the Net Revenue (vs. 69.5% in 2019).

Cost of Services in 2020 vs. 2019

Cost of Services breakdown	2020		2019		Variation	
	R\$ MM	% Net Revenue	R\$ MM	% Net Revenue	▲ %	▲ bps
Personnel and medical services	(987.5)	-33.2%	(1,013.2)	-34.9%	-2.5%	164.6 bps
General services, rentals and utilities	(446.3)	-15.0%	(426.3)	-14.7%	4.7%	-34.6 bps
Materials and Exam Intermediation	(426.9)	-14.4%	(310.5)	-10.7%	37.5%	-367.8 bps
Depreciation and Amortization	(296.4)	-10.0%	(261.4)	-9.0%	13.4%	-97.4 bps
General Expenses	(4.8)	-0.2%	(6.9)	-0.2%	-29.6%	7.4 bps
Cost of Services	-2,161.9	-72.8%	-2,018.3	-69.5%	7.1%	-327.8 bps

The total cost of services increased by 328 bps.

Gross Profit

Gross Profit reached R\$ 809.7 million with a gross margin of 27.2%, down by 328 bps compared to 2019.

Operating Expenses and Equity

Operating expenses and equity reached R\$ 331.1 million, including R\$ 62.1 million in depreciation and amortization expenses, representing 11.1% of the Net Revenue (vs. 11.3% in 2019).

EBITDA

EBITDA reached R\$ 837.5 million, a reduction of -4.9%, with a margin of 28.2%.

Financial Result

The financial income (loss) presented an expense of R\$ -137.9 million vs. R\$ -134.0 million YoY.

Income Tax and Social Contribution

Total Income Tax and Social Contribution totaled R\$ 83.8 million resulting in an effective rate of 24.6% vs. 26.7% in 2019.

Net Income and Earnings per Share

The Company's Net Income reached R\$ 257.0 million, reduction of 17.7%, with a margin of 8.6%.

Capital Investments

CAPEX (R\$ million)	2020	2019	Variation
New PSC's, Offer Expansion in Existing Units and Technical Areas	52,0	60,1	-13,5%
Diagnostic Equipment Renewal and Maintenance	44,7	63,0	-29,0%
IT/Digital	91,1	84,7	7,5%
Total Capex	187,8	207,9	-9,6%

In 2020, Grupo Fleury's investments totaled R\$ 187.8 million, down by 9.6% over 2019.

Debt

Composition of Net Debt (R\$ MM)	2020	2019	Variation
Gross Debt (Debentures and Borrowings and Acquisitions)	2,012.6	1,639.2	22.8%
Cash, Cash Equivalents and Marketable Securities	1,111.4	857.8	29.6%
Net Debt	901.2	781.4	15.3%
Net Debt / EBITDA LTM	1.1x	0.9x	0.2x
EBITDA LTM / Financial Result LTM	6.1x	6.6x	-0.5x

In 2020, the Company raised R\$ 550 million, of which R\$ 400 million are related to the first issue of promissory notes and R\$ 150 million related to the Bank Credit Note. Amortizations of R\$ 166.7 million were made for the second issue of debentures and R\$ 12.2 million for the first series of promissory notes. In addition, R\$ 27.8 million related to FINEP and R\$ 0.6 million related to FINAME contracts, received with the purchase of Serdil, were amortized. We also paid R\$ 63.5 million related to interest on debentures, FINEP, FINAME, bank credit note and promissory notes.

Risk Rating

According to the latest report from Moody's risk agency, published on June 17th, the corporate rating of Fleury S.A. was Ba2/Aa2. The outlook was classified as stable, reflecting the recognition of the company and its brands, its market position in Brazil and its focus on a higher and more resilient income market, with positive long-term prospects for the Brazilian health industry.

Income Distribution

On February 24, 2020, we announced the distribution of R\$ 156.8 million as dividends. In addition to the distributions of R\$ 74.5 million through Interest on Capital Payment, on December 30, 2020, the total distributed to shareholders was R\$ 231.3 million, representing a payout of 90% of net income and a dividend yield of 2.7%.

Share Buyback Program

On November 26, 2020, the Company approved the creation of the Buyback Program, with the objective of supporting the Company's Deferred Stock Plan, approved at the Extraordinary General Meeting held on December 5, 2019. The Buyback Program allows the acquisition by the Company of up to 1% of the outstanding shares on the date, for a period of 12 months from November 30, 2020.

As of December 31, 2020, the Company had repurchased 100,000 common shares of FLRY3, of which remained in treasury.

Capital Markets

Presence in the main indexes of the Brazilian Stock Exchange

On December 30, 2020, Grupo Fleury's shares closed at R\$ 27.02. The average daily financial volume of shares traded reached R\$ 63.5 million in 2020. As a result of this evolution in volume and business, the Negotiability Index reached 0.276% in the year. The Company ended the year with 317,366,103 shares.

In 2020, we conducted approximately 1,400 interactions with the market, including those held at the 15 conferences and Healthcare Days and seven other events that were attended by the Company. Grupo Fleury ended the year 2020 with 12 sell-side coverages, composed of three Buy recommendations, eight Neutral recommendations and one Sell recommendation.

In the year of 2020, the Company was included, for the eighth consecutive time, in the Corporate Sustainability Index (ISE) portfolio. In addition to the ISE, Grupo Fleury also remained in the portfolio of the IBOVESPA index in 61st position, with participation in the theoretical portfolio of 0.375%, in the IBr-X 100, IGC (Stock Index with Differentiated Corporate Governance) and ITAG (Stock Index) Differentiated Tag Along Actions). In 2020, the Group also integrated B3's ICO2 (Carbon Efficient) index.

Also during the year, the Company started to integrate, for the first time, the Dow Jones Sustainability Index of the New York Stock Exchange, in the DJSI Emerging Markets 2020/2021 portfolio. The portfolio is made up of 100 companies, of which only nine are Brazilian, with Grupo Fleury being the only company in the Healthcare sector in the Americas to be included in the index.

In 2020, Grupo Fleury raised R\$ 550 million, of which R\$ 400 million related to the first issue of promissory notes and R\$ 150 million related to the Bank Credit Note. Amortizations of R\$ 166.7 million were made for the second issue of debentures and R\$ 12.2 million for the first series of promissory notes. The Promissory Notes will be entitled to a renumbering corresponding to 100% of the DI Rate (Interbank Deposits), plus a spread or surcharge of 2.94% per year, based on 252 Business Days. The Nominal Unit Value of the Promissory Notes will not be adjusted or monetarily restated by any index. Bank Credit Notes will be entitled to a remuneration equivalent to 100% of the DI Rate (Interbank Deposits) plus a spread or surcharge, equivalent to 4.55% per year.